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BOOK REVIEWS

COMMERCIAL AIR TRANSPORTATION. By John H. Frederick, University of Texas: Richard D. Irwin, Inc., Chicago, 1942. Pp. 493.

This study on air transportation, presents an analysis of the economic background underlying the industry. It is as complete a presentation on the subject as has thus far been made. Two generalizations may be advanced: first, the original material written by Mr. Frederick represents sound economic thought and is a constructive contribution to aeronautical literature; second, it is unfortunate that certain supporting data was not better selected and too little consideration given recent Civil Aeronautics Board reports.

The chapter on "Certificates of Public Convenience and Necessity for Air Transport," albeit first published in the Harvard Business Review, is Mr. Frederick's original contribution and is one of the most brilliant discussions ever made on the subject. High praise is also due the author's original treatment on air express.

However, it is on this subject of air cargo that we see far too much consideration given a proposal advanced by interests outside of the aviation industry, and whose basic figures and conclusions have been questioned by authoritative sources. Of minor importance, in this respect, is the almost repetitious mis-quoting of the names of the authors and company responsible for this outside air cargo study.

The subject of air cargo will forever remain a topic of key interest. Many of the proposals, however, will continue to be of academic interest only until such time as a practical demonstration will be available as to the feasibility of air cargo on an extensive scale. To be practicable, a widespread air cargo system must have low-operating costs to permit substantial reductions in prevailing rates. This in turn, requires a plane with a pay-load capable of producing the desired result. No such plane is presently available although it is claimed plans for such planes are. These plans will continue theoretical until they are tried and proven otherwise.

The question of source material and its application in substantiating certain conclusions has always been a matter of vital interest but has hardly received the attention it deserves. The mere fact that an imposing looking document makes an appearance with all the embellishments of the graphic arts, does not necessarily make it an authoritative report, final and conclusive. It is not only important to determine who issued the report but the basis of the representations contained in the report itself.

For example, Mr. Frederick makes frequent use of an air line study issued by a securities firm now defunct. This in itself does not help the situation very much. More important, however, this particular study is believed to represent largely a compilation of material first appearing in other financial publications and studies, and has been passed off as an original

presentation. Moreover, this air line study attempts certain future projections, which Mr. Frederick quotes and which in retrospect are far wide of their mark. On the other hand, another air transport study issued by still another securities firm, contains the sources of material used and makes frequent use of official reports and decisions. This type of material has a good deal of substance and could support to much better advantage certain conclusions advanced in Mr. Frederick's book.

The author displays a realistic approach in the short analytical studies of the various air lines. For example, no hesitancy is shown in reporting the constant deteriorating position of United Air Lines. Most books on the industry give all aviation companies an uniform pat on the back and overlook realities. Mr. Frederick's analysis on United, however, is nothing more than the story being unfolded by the stock market barometer which is realistic in its own way. In other words, marketwise, United has lost ground to virtually every major air carrier.

The originality of Mr. Frederick's own contribution is particularly noteworthy in the discussion on "Air Mail Traffic and Rates." Here again, the basis is the author's own conclusions expertly drawn from official reports and decisions. This subject, at best, is not a simple one, and it requires great skill to weave a pattern through the economic regulation of the industry so that it may be understandable without too much confusing legalistic palaver.

It is unfortunate, however, that some mention was not made of the Civil Aeronautics Board examiner's report recommending "recapture" of mail payments along with reduced rates for American Airlines. Since that time, such action has received final approval by a recent Board decision. The implications are tremendous, as the precedent has now been established for the Board to examine air line earnings going back over a period of years and establishing the basis for the return of such earnings. Admittedly, no one could pierce the veil of the future to see such action by the Board. However, the examiner's report was available at the time and perhaps the novelty of the recapture-of-earnings recommendation should have been given some consideration by Mr. Frederick, particularly when we realize that the American case may rank as the most important air mail rate determination yet issued.

It would be a serious mistake to permit these omissions and the use of certain source material in a few instances, to detract from the otherwise splendid treatment of the economics of the air transport industry by Mr. Frederick. The book is well written and its factual interpretation of the industry should prove helpful to many students of aviation.

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